Prince Edward Island

2009 Budget

Investing in Islanders

Presented to
The Members of the Legislative Assembly of Prince Edward Island

by

Honourable Wesley J. Sheridan

Provincial Treasurer
and
Chair of Treasury Board

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The full texts of the Budget Address, Estimates of Revenue and Expenditure and supporting schedules for 2009-2010 and previous years are available on the Province of Prince Edward Island's website:

http://www.gov.pe.ca/budget

PRINCE EDWARD ISLAND
2009 BUDGET

TABLE OF CONTENTS

THE BUDGET ADDRESS

Investing in Islanders 1
Investing in Islanders - Fundamental Priorities 2
Investing in Islanders - Priority Initiatives 4
Investing in Public Education 7
Investing in Health Care 10
Helping Islanders in Need 13
Investing in Agriculture 15
Investing in Fisheries and Aquaculture 17
Investing in Rural Prince Edward Island 19
Investing in Tourism 20
Investing in People 22
Investing in our Island Environment 25
Investing in Island Communities 26
Our Five-Year Capital Plan 27
The Economy - Our Island in the World and National Context 29
Revenues 30
Conclusion 32

BUDGET SCHEDULES

BUDGET PAPER A: BACKGROUND NOTES ON THE ECONOMY

THE BUDGET ADDRESS

Investing in Islanders

Madame Speaker, I am very pleased this evening to deliver a budget which will achieve two important goals:

First, we will invest in those areas that promote the present and future well-being of Islanders.

Second, Government has taken steps to help shield Islanders from the economic realities that have challenged virtually every jurisdiction in the world.

Madame Speaker, in times of uncertainty, it is vitally important that Government remain a reliable foundation upon which a society protects itself - and pursues a better future.

In that sense, Madame Speaker, tonight's budget will preserve the programs and services needed by Islanders - while simultaneously taking steps to move deliberately and purposefully toward new opportunities.

Madame la présidente, le budget de ce soir tente d'établir un équilibre, constatant les réalités d'aujourd'hui et les possibilités de demain. En préparant soigneusement et posément le plan financier de cette année, je crois que nous avons atteint cet équilibre.

Madame Speaker, it is a difficult balance to achieve: First, we must conserve and protect. And second, we must take the imaginative steps required to build a stronger and more prosperous society for all Islanders.

"...it is vitally important that Government remain a reliable foundation upon which a society protects itself - and pursues a better future."

"...taking steps to move deliberately and purposefully toward new opportunities."

Madame Speaker, I am confident that tonight's budget achieves exactly that balance.

The coming year holds great hope and promise for Prince Edward Island. As a Province, we are all looking forward to this year's Canada Summer Games - the first time this event will be held on a Province-wide basis. I am more than confident that our Games will be the most successful in the history of this national competition - and I am certain that our Confederation partners will be fully impressed with a Province that acts with common purpose toward a single goal.

"As a Province, we are all looking forward to this year's Canada Summer Games - the first time this event will be held on a Province-wide basis."

On behalf of Government, I want to thank all those who have devoted so much of their time to this event. Further, Madame Speaker, I want to take this opportunity to wish the best of luck to all the athletes and coaches who have pursued and achieved excellence in their chosen activities.

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Investing in Islanders - Fundamental Priorities

Madame Speaker, as every Islander knows, the world economy has suffered a series of setbacks and challenges over the last year.

Jurisdictions around the world are doing their best to cope with systemic economic uncertainty. Although Prince Edward Island is partially shielded from some of the global difficulties, we are not immune to world economic forces.

However, there is a firm understanding that the economic events of the last year will also bring opportunities to those jurisdictions that are poised to move forward after this period of uncertainty.

For nearly two years, Government has worked diligently to position Prince Edward Island for just such an eventuality:

- Government has taken steps to significantly improve the health care system - so that this most fundamental of safety nets is preserved and improved.

"Government has taken steps to significantly improve the health care system - so that this most fundamental of safety nets is preserved and improved."

- We have moved forward with the Island Prosperity Strategy - to take advantage of new opportunities in emerging sectors. Simultaneously, we have acted to enhance the ability of young Islanders to gain access to post-secondary education and training.

- Further, we have strengthened our Province's social safety network - so that all Islanders will be confident in the protection of Government during times of need.

- And finally in the Fall of 2008, Government took the bold step of announcing Prince Edward Island's most ambitious Capital Budget in Provincial history - to provide needed stimulus to our Province's economy and our future prospects.

"...we have strengthened our Province's social safety network - so that all Islanders will be confident in the protection of Government during times of need."

Madame Speaker, the difficulties facing the world economy are pervasive. The Island will weather these challenges - but it will be necessary to employ deficit financing as a bridge between today's realities and our Island's future prospects. For that reason, Madame Speaker, Government is anticipating a deficit of $85.3 million this year.

Of this amount, $39.4 million is a pension adjustment - which reflects the downturn in the international financial markets. As I said earlier, every jurisdiction has faced this reality, and we are confident that an improvement in the world economic situation will mitigate this difficulty.

Although no government wishes to engage in deficit financing, I firmly believe it is important to invest during difficult times - and to save during good times. Our deficit target is reasonable and sustainable - and in comparison to many other jurisdictions, highly responsible.

Madame Speaker, our Island will emerge from the current global downturn. And we will take advantage of all the opportunities that a period of change inevitably leaves in its wake.

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Investing in Islanders - Priority Initiatives

Madame Speaker, as I said earlier, it is Government's fundamental obligation and duty to protect the interests of Islanders.

Of course, an essential element of Government's duty is a recognition that our health care system must constantly modernize and improve. For that reason, I am very pleased that **Government will increase spending in health care by $28 million this year.**

"...an essential element of Government's duty is a recognition that our health care system must constantly modernize and improve."

This investment represents Government's commitment to the modernization of our health care system - and a recognition that enhanced funding is required to meet that obligation.

Although our plan for health care modernization is broad and comprehensive, I would like to focus on a couple of key areas.

Most experts in the health care field recognize that governments should invest much more into home care.

Madame Speaker, we believe very strongly that home care must play a larger and more vital role in the health system. In brief, Madame Speaker, Government understands that Islanders deserve to spend as much time as possible in the company of family, friends, neighbors and community - and in their own homes.

"...Government understands that Islanders deserve to spend as much time as possible in the company of family, friends, neighbors and community - and in their own homes."

For that reason, Madame Speaker, I am pleased to announce tonight that **Government will increase the home care budget by $2.2 million this year, which includes the $1.5 million announced in the Fall of 2008.** This is a 25.7 per cent increase over 2008-2009 funding levels, and in the years to come, this

investment in the health and comfort of all Islanders will continue to grow.

Madame Speaker, health care is a living system. To keep up with changing needs, health care must continually adapt - and the system must be prepared to flexibly respond.

"...health care is a living system. To keep up with changing needs, health care must continually adapt - and the system must be prepared to flexibly respond."

Over the past number of years, it became clear that the system had to do more to respond to the need for stroke treatment. For that reason, a Provincial Stroke Strategy was initiated in 2006 - and since then, the system has refined its approach and developed appropriate plans to deal with this specific issue.

Tonight, I am pleased to announce that Government will fund a Provincial Stroke Program which includes a 10-bed Stroke Unit at the Queen Elizabeth Hospital this year.

Government is also continuing to work to make emergency services more accessible to Islanders. **Madame Speaker, I am very pleased to tell the House that a further $800,000 will be invested to expand ambulance services - and eliminate emergency ambulance fees for our seniors.**

As the field of medicine evolves, the role of medications in the day-to-day health care needs of Islanders is growing.

"As the field of medicine evolves, the role of medications in the day-to-day health care needs of Islanders is growing."

This year, public spending on drug programs will increase by six per cent - or $2 million. Since 2007-2008, overall spending on medications has grown by 31 per cent - which again, reflects Government's understanding that its first priority must be the health care needs of individual Islanders.

Madame Speaker, Government is committed to building a health care system that rapidly and effectively addresses individual needs. That is precisely why we have embarked on a series of initiatives designed to improve the care provided to Islanders - instead of focusing too much of our efforts on bricks and mortar.

"...Government is committed to building a health care system that rapidly and effectively addresses individual needs."

One example of this commitment is the decision to provide diabetic strips to 1,500 insulin-dependent Islanders. This year, the investment in the Diabetes Control Program will be $3 million.

Another initiative is the implementation of the Youth Addictions Strategy - and a further $700,000 will be invested this year in this area.

Madame Speaker, one of the cornerstones of a healthier and more prosperous Island is continual improvement in our capacity to educate and train.

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For this reason, **Government is proud that an additional $9.8 million will be provided to the three Island school boards this year.** That is a 5.7 per cent increase over last year, and reflects Government's strong belief that our Island's future prosperity will be built on a high-quality education system.

That said, Madame Speaker, Government also recognizes that training and education should be lifetime commitments.

"...Government also recognizes that training and education should be lifetime commitments."

In keeping with that belief, Government is developing the new Skills PEI Initiative - which will combine the need for employment support with a significant role for training. **It is anticipated that the new and ambitious Skills PEI Initiative will begin in October of this year - and will represent an investment of $8 million over two years.**

Madame Speaker, another way Government will invest in Islanders is through innovative new infrastructure.

Our capacity to attract new economic activities and opportunities for Islanders depends on our willingness to invest in creative new concepts.

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For that reason, **I am pleased to announce that a new Tourism and Convention Centre for the Charlottetown area has been identified by our Government as a major infrastructure priority.**

"...Government recognizes that all of our strength and wealth as a Province is derived from our environment."

Madame Speaker, our Government recognizes that all of our strength and wealth as a Province is derived from our environment.

In keeping with that recognition, **$1 million will be invested this year in the Watershed Management Program - a $500,000 increase over last year's funding.**

Madame Speaker, one of the most successful innovations introduced by this Government has been easing the access of Islanders to post-secondary education.

I am pleased to say that in 2009-2010, total student financial assistance from Government will reach $3.6 million for both the George Coles Bursary and the Island Student Awards. This represents an increase of 136 per cent since we took office less than two years ago.

Investing in Public Education

Madame Speaker, I am very proud of Government's commitment to improving access for Islanders to the world of post-secondary education.

But Government also knows that such access also requires a thorough commitment to our public school system - which will soon run from kindergarten to Grade 12.

During the course of 2008-2009, Government invested in a number of significant areas - which are helping families and children:

- School breakfast programs were expanded to ensure that our students begin the day with the nourishment they need.

- Funding to Chances Inc. was increased to allow the Best Start Program to expand from 18 to 24 months.

- Government increased the number of school psychologist positions to reduce wait times for assessment.

- The number of speech language pathologist positions increased to enhance the delivery of services in the classroom.

- Using a phased-in approach, Government assisted School Boards to purchase 2,000 new computers in 2008-2009. Planning is underway to continue this program.

- In the current budget, Government has almost doubled the funding for English as an Alternative Language (EAL), providing new Islanders with these essential services.

"In the challenging economic times we face today, we simply will not make short-sighted cuts that have long-term consequences."

In the challenging economic times we face today, we simply will not make short-sighted cuts that have long-term consequences.

As an expression of this commitment, overall Department funding for Education and Early Childhood Development will increase by $10.6 million, reflecting a budgeted growth rate of 5.4 per cent in this important area.

Madame Speaker, our School Boards are engaged in the process of developing and consulting on organizational plans in accordance with the *School Act*. These planning processes are guided by the overarching imperative of ensuring that our children are given the best possible education.

In the case of the Eastern School District, efforts to deal with significant declines in student enrollment have meant that the difficult option of school closures is being considered.

Madame Speaker, our Government wants to assure all Islanders that we are committed to increasing our investment in the public school system. Government is confident that organizational planning is all about providing young Islanders with the best possible education.

"...our Government wants to assure all Islanders that we are committed to increasing our investment in the public school system."

As I noted earlier, School Board funding grants will increase 5.7 per cent over forecast. School Board grants will go from $171.3 million in forecast to $181.1 million in the 2009-2010 budget.

"School Board grants will go from $171.3 million in forecast to $181.1 million in the 2009-2010 budget."

Madame Speaker, this increase in funding will provide for a number of enhancements to the education system.

In 2009-2010, Government will invest $250,000 to support the inclusion of kindergarten into the public school system - which will happen in September 2010. At the same time, the Department of Education and Early Childhood Development will be spending an additional $110,000 to support increases in the kindergarten enrollment due to changes to age of entry.

Our Government will continue to invest in new curriculum and resources. For example, in 2009-2010 we will see implementation of new math curriculum and resources costing $400,000 and the purchase of new French text books costing $100,000.

This year will also see significant capital expenditures in education in the amount of $21.7 million in school construction and renovations, as well as $3.1 million for new school buses - because the safety of Island children must be of paramount concern.

Investing in Health Care

Madame Speaker, since taking Office our Government has viewed health care as the most basic of public policy responsibilities. This year, we will increase overall health spending by $28 million - to a total investment of $444 million.

Every province in Canada has found it increasingly difficult to fund the significant demands in their health systems. These demands come from many areas, but are primarily due to a shortage of health human resources, increased demand for new services, drugs and other therapies - and the demands driven by an aging population.

Madame Speaker, Government continues to make the recruitment of health professionals a cornerstone of our efforts to improve access to health services. In 2008-2009, our Government established an Office of Health Recruitment and Retention dedicated to that task.

"...Government continues to make the recruitment of health professionals a cornerstone of our efforts to improve access to health services."

I am pleased to say that since taking Office we have added an additional 27 doctors to Prince Edward Island. According to the Canadian College of Family Physicians, our efforts have resulted in 96% of Islanders having access to a family physician. This exceeds the national average of 86%. Government can say with a strong measure of confidence that we are well on our way to achieving our commitment that every Islander will have access to a family physician.

By making strategic investments in areas such as new medical school seats at Memorial University and the launch of our own Medical Residency Program in 2008-2009, we will continue to ensure that Islanders have timely access to a physician. In 2009-2010, five medical residents will be trained on the Island - and every effort will be made to ensure that they stay on our Island.

"...we will continue to ensure that Islanders have timely access to a physician."

Madame Speaker, our focus on attracting and retaining health professionals goes well beyond physicians. In 2008-2009, our Government launched the Accelerated Nursing Program in cooperation with the University of Prince Edward Island.

In 2009-2010, we will be committing an additional $316,000 to this program. In January of 2009, 14 nursing students started the program. In January of 2010, an additional 14 students will participate. As is the case with residency training, this new Island program will improve our chances of attracting new nurses and sustaining our workforce.

Madame Speaker, the challenge of improving the effectiveness of health care delivery on the Island is ongoing. For that reason, our Government is committed to a number of new initiatives which we believe will improve the quality of health care services provided to Islanders.

"...the challenge of improving the effectiveness of health care delivery on the Island is ongoing."

As I noted earlier, this year will see the launch of a Provincial Stroke Program, including a new 10-bed Stroke Unit at the Queen Elizabeth Hospital.

Madame Speaker, Youth Addictions Services will also be significantly expanded in 2009-2010. An additional $700,000 will be invested as Government moves to implement the recently released Youth Substance Use and Addiction Strategy.

A key component of this strategy will be an eight-week Provincial day treatment program. As part of the strategy implementation process, Government will continue to work with stakeholders to explore the development of a 'round-the-clock' residential facility.

Madame Speaker, 2009-2010 will also see a number of new and expanded health services delivered throughout our rural communities. To this end, our Government will spend an additional $400,000 on mental health, addictions, diabetes, and

"...2009-2010 will also see a number of new and expanded health services delivered throughout our rural communities."

long-term care services at the Community Hospital in O'Leary.

To support these new services, we will be spending $1,750,000 in capital construction at the Community Hospital in 2009-2010.

Government has also continued to invest in community health centres as a focal point for primary care delivery. Last year, we delivered on our commitment to build the Tyne Valley Medical Centre with $700,000 in funding.

Madame Speaker in 2009-2010, our Government will invest $377,000 in new renal services to assist Islanders battling kidney disease. The establishment of a renal care team consisting of a physician, a nurse, a dietician, and a social worker will mean improved health services as well as 300 fewer out-of-province visits for Islanders and their families requiring specialty treatment.

In 2009-2010, we will invest an additional $111,000 in TeleRadiology services whereby certain diagnostic images such as CT scans are sent to Capital Health District in Halifax for interpretation. Initial results of this initiative have seen dramatic reductions in wait times for Islanders, putting us well within recommended national wait time benchmarks for most areas.

In 2009-2010, our Government will continue to improve the access that Islanders have to ambulance services. As of April 1, of this year, we have eliminated emergency ambulance fees for seniors. This new initiative complements our elimination of fees for air ambulance transfers as well as off-Island ambulance services in 2008-2009.

"...our Government will continue to improve the access that Islanders have to ambulance services."

To assist with increased ambulance traffic, our Government will be investing in a multi-patient transfer unit to reduce the use of existing ambulances for patient transfers. In addition, we will be expanding ambulance coverage throughout the Province. As call volumes increase due to the growing use of ambulance services,

Government will continue to explore the need for additional ambulances.

As I noted earlier, these expanded ambulance services and elimination of fees for emergency services for seniors represent an increased investment in 2009-2010 of $800,000.

In 2008-2009, our Government also launched the Palliative Care Home Drug Pilot Program. This pilot project has enabled 25 Islanders to remain in the comfort of their homes in the final stages of life, reducing in-hospital time by a total of 772 days.

This program will continue in 2009-2010 with an additional $250,000.

Madame Speaker, as a Government, we will continue to invest in new areas of health care delivery and embrace reform as required. The Corpus Sanchez review of our health system identified a number of issues such as scope of practice, utilization management, and health human resource models that directly impact the health of Islanders.

"...we will continue to invest in new areas of health care delivery and embrace reform as required."

Helping Islanders In Need

Madame Speaker, Government is committed to ensuring that Islanders who need public support during difficult times get the services they need.

In 2008-2009, Government re-instituted the Seniors Emergency Home Repair Program. Last year, this program supported over 300 seniors with access to basic repairs, helping them to remain in their own homes. This year, we are increasing this program to $500,000 in order that more of our seniors benefit from services that will allow them a greater measure of independence.

"Last year, the Seniors Home Repair Program supported over 300 seniors with access to basic repairs, helping them to remain in their own homes. This year, we are increasing this program to $500,000..."

Madame Speaker, our review of the health care system clearly suggests that we can improve services to Islanders, by allowing

our seniors to remain in their homes longer. To this end, home care is a vitally-significant service to enhance the continuum of health services delivery and the quality of life of Islanders.

"...home care is a vitally-significant service to enhance the continuum of health services delivery and the quality of life of Islanders."

As I said earlier, Government will add $2.2 million to home care in 2009-2010, bringing our spending to over $11.3 million in this area. Our commitment to home care spending is clearly evidenced by this 25.7 per cent increase in year-over-year spending.

At the same time, Madame Speaker, Government recognizes that many Islanders are at a point in their lives where they require high quality, affordable long-term care.

To this end, our Government has committed to spending $50.8 million over the next five years to construct new and expanded long-term care facilities. In 2009-2010, $5 million will be spent in the construction of facilities to replace Summerset Manor and the Prince Edward Home, as well as expanded long-term care in O'Leary.

Our Government also recognizes the role that our community care facilities play in providing long-term care. Since 2007-2008, we have increased per diem funding to our community care facilities by 22 per cent. Madame Speaker, we are committed to further increases in 2009-2010, and are working with facility operators to link future funding increases to enhanced standards.

Madame Speaker, perhaps nowhere is a government's role more important to the lives of its citizens than when it comes to providing access to medications.

In 2008-2009, Government fulfilled a key commitment to provide insulin-dependant diabetics with diabetic strips. Today, some 1,500 Islanders are accessing this service and we expect this program to grow as more Islanders are assisted in their management of diabetes.

In 2009-2010, Government will spend $1.57 million to add new high-cost cancer drugs and drugs to treat Chronic Obstructive Pulmonary Disease and Osteoporosis. These increases mean that an additional 1,200 Islanders will now have access to medications that are critically important to their quality of life.

"...an additional 1,200 Islanders will now have access to medications that are critically important to their quality of life."

In total, our Government will spend an additional $2 million on drugs in 2009-2010. Since taking office in June of 2007, Government has increased overall drug spending by 31 per cent - and we will continue to invest in this most basic health requirement.

"...Government has increased overall drug spending by 31 per cent - and we will continue to invest in this most basic health requirement."

Madame Speaker, access to affordable housing is also a social priority of our Government. For 2009-2010, we will be allocating $500,000 for Affordable Housing Grant projects and $970,000 for Affordable Housing Economic Stimulus funding for new seniors housing and for housing for persons with disabilities.

At the same time, we will bolster the amount of money we spend on Islanders requiring social assistance for food and shelter by $980,000 in 2009-2010. The funding increase for food is the first of its kind in almost a decade.

Investing in Agriculture

Madame Speaker, Government will continue to support the agriculture sector through significant investments over the coming year.

These investments are designed to assist the sector to take advantage of new opportunities - and are based on clear research and industry input.

To this end, Government is responding quickly to the report entitled *Growing the Island Way*, which was strategically delivered this past January by the Commission on the Future of

Agriculture and Agri-Food in Prince Edward Island. By working in partnership with industry on the implementation of the Commission report, Government will continue to demonstrate its commitment to the agriculture and agri-food sector on Prince Edward Island.

"...Government will continue to demonstrate its commitment to the agriculture and agri-food sector on Prince Edward Island."

In *Growing the Island Way*, it was recognized by industry that access to capital for producers is of vital importance, particularly during uncertain financial times. As such, beginning in 2009, the Department of Agriculture will invest $250,000 in order to offer additional assistance to Island producers participating in the Federal Advance Payment Program. The program will enable improved access to credit for approximately 200 producers in crop and livestock commodities and up to $12 million dollars in Federal advance payments.

"...beginning in 2009, the Department of Agriculture will invest $250,000 in order to offer additional assistance to Island producers participating in the Federal Advance Payment Program."

I am also pleased to announce that Government is formally launching its Agri-Insurance Program for livestock, making us the first Province in Canada to offer a Federal/Provincial Livestock Insurance Program. This year, the Program will focus on the dairy industry, and then be expanded to other livestock sectors in future years. Government will be investing $400,000 on this important initiative.

In 2008-2009, Government provided producers with $1.4 million through the Hog Transition Program. This funding was to assist the hog industry, and specifically those hog producers looking to transition to a new business model. Government recognizes that our hog producers will continue to benefit from assistance and as such, we will continue to invest $400,000 annually to assist with the marketing of hogs to off-Island facilities.

"As a further demonstration of Government's commitment to Island producers, we will be spending an additional $1 million on production insurance."

As a further demonstration of Government's commitment to Island producers, we will be spending an additional $1 million on production insurance. This represents a 26 per cent increase over 2008 levels.

In addition to these initiatives, I am pleased to announce that Government will:

- Continue to enhance the Future Farmer Program which last year received increased funding to $700,000. This program assists and supports new farmers entering the industry and helps to ensure that we have a thriving agricultural sector.

- Continue to invest in the Buy Local Program, to increase public awareness, support and demand for Prince Edward Island food products. This $500,000 annual investment will include the development and launch of an Island brand for food products to be promoted in farmers' markets, restaurants and culinary events. Through culinary tourism, the Department will promote Island products in both domestic and export markets.

- Eliminate property taxes associated with expanded requirements for buffer zones.

Finally, Madame Speaker, Government recognizes the benefits derived by society through the provision of environmentally-friendly goods and services. Therefore, Government will be increasing funding for the Alternative Land Use Services Program (ALUS) to provide farmers who implement environmental management practices with financial incentives that will assist in their conservation efforts. To this end, an additional $250,000 has been budgeted, bringing the total amount available per year to $1,000,000.

"...Government recognizes the benefits derived by society through the provision of environmentally-friendly goods and services."

Investing in Fisheries and Aquaculture

Madame Speaker, Government recognizes and respects the vital role that the fisheries and aquaculture plays in our economy and our communities.

Last year, Government was pleased to offer, for the first time in Island history, a low-interest loan program for fishers experiencing financial difficulties resulting from low lobster landings and rising costs. Today, Madame Speaker, some 150 of our fishers access this first of its kind program and will reduce their interests costs by an estimated $5 million over 5 years. As a Government, we are committed to evaluating this program going forward to determine what changes may be required to better support our fishers.

Madame Speaker, our Government also recognizes the need to help young fishers seeking to enter the industry. It is for this reason that we have allocated $100,000 for 2009-2010 to work with the fishing community to launch a Future Fishers Program. Such a Program will assist new entrants to the fishery with services ranging from training to interest relief.

"...we have allocated $100,000 for 2009-2010 to work with the fishing community to launch a Future Fishers Program."

Government continues to invest in initiatives identified by the Lobster Industry Roundtable and our industry organizations in response to some of the unprecedented challenges facing the sector. To this end, the Lobster Resource Monitoring Program will be enhanced with the addition of a new fisheries technician.

Madame Speaker, the lobster industry also recognizes the need to expand and diversify its markets. The Island lobster industry is playing an active role in a $500,000 regional marketing initiative with the support of the Government of Canada and the three Maritime provinces. This Maritime initiative will result in market research and the development of generic promotional materials to assist with marketing efforts for our lobster in the United States, Europe and China.

We will continue to work with our fishers and the Federal Government to explore the development of an industry-led rationalization program.

Government is also looking for ways to support the more than 1,000 Islanders who earn their living in the oyster sector. Over the next 3 years, Government will be contributing $300,000 to a multi-stakeholder initiative. Once fully-funded by industry and Government, this program will represent a $2 million effort to expand the production of cultured oysters.

Investing in Rural Prince Edward Island

Since coming to Office less than two years ago, our Government has taken a number of steps to promote rural Prince Edward Island.

"Since coming to Office less than two years ago, our Government has taken a number of steps to promote rural Prince Edward Island."

Our support for our rural communities has taken many forms, including:

- Expanded financial assistance to farmers;
- Low interest loans to fishers;
- Technology infrastructure for our tourism operators;
- New seniors housing units and the replacement of provincial manors throughout the Island;
- New capital investment in rural community health centres;
- New services and capital investments in our community hospitals;
- School construction and renovations;
- Re-location of government departments outside of Charlottetown;
- Expansion of community-led environmental projects for our watersheds; and
- A 10 Point Plan for Wind Energy.

Madame Speaker, these are just some of the initiatives we have undertaken in support of our rural communities. There are many others.

In 2008-2009, our Government also launched the Rural Jobs Initiative in an effort to foster employment throughout rural Prince Edward Island. That program resulted in 161 employment opportunities for Islanders. In the face of growing economic uncertainty, we are committed to doing more to promote employment opportunities in our rural communities. Funding for the Employment Development Agency will be increased by 15% from 2008-2009 forecast, going from $4.6 million to $5.3 million. This includes a $540,000 increase to the Rural Jobs Initiative.

"In 2008-2009, our Government also launched the Rural Jobs Initiative in an effort to foster employment throughout rural Prince Edward Island."

Madame Speaker, 2009-2010 will also be the year in which our Government's Rural Broadband Initiative - in cooperation with Aliant - will reach out to approximately 17,000 homes and businesses to provide enhanced Internet access in a timely and affordable manner.

Madame Speaker, these initiatives are part of a larger, integrated consultation and strategy development process for rural Prince Edward Island. Today, the Minister of Fisheries, Aquaculture and Rural Development released a discussion paper to the Provincial Rural Development Conference. This Conference is an important step in the development of the first Rural Development Strategy since 1990.

When presented in the Fall of this year, the Province's Rural Development Strategy will provide an essential roadmap so that idea by idea, project by project, and investment by investment, we can continue to renew rural Prince Edward Island together.

"...the Province's Rural Development Strategy will provide an essential roadmap so that idea by idea, project by project, and investment by investment, we can continue to renew rural Prince Edward Island together."

Investing in Tourism

Madame Speaker, despite the pressures of the global economy, Government is confident that Prince Edward Island is poised to have a successful tourism season for the coming year.

In August, the entire Province will play host to the 2009 Canada Games, which will see 4,400 athletes and coaches as well as 10,000 visitors gather on our Island for the first Province-wide event in the history of this competition.

This major event will attract national attention - and further promote the Island's reputation as a world-class tourism destination.

"...the 2009 Canada Games ... will attract national attention - and further promote the Island's reputation as a world-class tourism destination."

In that light, Government recognizes that in order for the tourism sector to effectively compete, investments in technology are vital to ensure that all Prince Edward Island has to offer is on display. For that reason, in 2008-2009, we invested $750,000 in the Integrated Tourism Solution, an innovation that permits tourism establishments to employ direct booking online. In 2009-2010, we will continue the $750,000 investment in order to make the Island one of the most connected travel destinations worldwide. We anticipate that by October of this year, over 300 Island operators will be connected to the system.

Madame Speaker, as I noted earlier, our Government is proposing a Tourism and Convention Centre in the Capital area.

This facility will help ensure that our Island tourism operators benefit from the growing meetings and conventions industry. In partnership with the Tourism Advisory Council, Tourism PEI has allocated an additional $100,000 to develop new markets for meetings and conventions.

Madame Speaker, Tourism PEI is also pleased to announce its partnership with the Golf Channel network in the production of its reality television series *Big Break Prince Edward Island*. This two-year partnership will serve to introduce Prince Edward Island's first-class golf product to U.S. and international markets, reaching an estimated 110 million households worldwide.

Investing in People

Madame Speaker, last year our Government moved higher education to the new Department of Innovation and Advanced Learning to better link education and economic prosperity.

Our post-secondary institutions are a critically-important link between education, skills development and economic well-being.

Post-Secondary Education

In 2008-2009, the introduction of the George Coles Bursary helped 1,098 first-year Island students with up to $2,000 in financial support for a total of $2,196,000. This bursary program has had a significant impact on the number of Island students choosing to study at home. Today, we have the second highest percentage of 20-24 year olds in the country who have a university degree, diploma or certificate.

"In 2008-2009, the introduction of the George Coles Bursary helped 1,098 first-year Island students with up to $2,000 in financial support for a total of $2,196,000."

Madame Speaker, as I noted earlier, total student financial assistance from Government will reach $3.6 million for both the George Coles Bursary and the Island Student Awards this coming year.

"Today, we have the second highest percentage of 20-24 year olds in the country that have a university degree, diploma or certificate."

Madame Speaker, our 2009-2010 Budget also recognizes the need to continue to invest in our high-quality post-secondary institutions here on the Island.

As a reflection of this commitment, there will be a five per cent increase to the University of Prince Edward Island and Holland College for their funding in 2009-2010. Funding to the University and College will be $39.4 million and $19.2 million respectively. In addition, the University of Prince Edward Island will receive $2 million in 2009-2010 to support its Building a Legacy Campaign. Government will also invest an additional $200,000 at Collège Acadie Î.-P.-É. to enhance french language education at the post-secondary level.

Since taking Office, Madame Speaker, we have increased funding to our post-secondary institutions by over $11 million, representing an increase of 16 per cent.

"Since taking Office...we have increased funding to our post-secondary institutions by over $11 million, representing an increase of 16 per cent."

Innovation

Madame Speaker, as a cornerstone of the Island Prosperity Strategy, our Fall Capital Budget included $5 million for the BioCommons in 2009-2010. I am confident that we will hear of an announcement on the location of this new, strategically-important facility in this Session of the Legislature. Additionally, 2009-2010 will see the offering of a new suite of programs valued at $3.6 million to assist companies active in the area of innovation.

In keeping with the innovation theme of the Island Prosperity Strategy, we also supported the development of Holland College's Smart Kitchen facility. This state-of-the-art facility will serve as a technological link between food research and product commercialization, utilizing Island agri-food sources. Once operational in the Summer of 2009, this facility represents a $1.2 million direct investment from the Government of Prince Edward Island.

Job Creation and Immigration

Madame Speaker, in addition to new initiatives designed to grow our economy into the future, Government also understands the need to provide training and employment assistance to as many Islanders as possible.

"...in addition to new initiatives designed to grow our economy into the future, Government also understands the need to provide training and employment assistance to as many Islanders as possible."

To this end, I am pleased to announce the new Skills PEI Initiative. This $8 million initiative will run for two years and create 750 employment opportunities, ranging from 14 to 26 weeks per year.

The Skills PEI Initiative will consist of three components:

- A Community Skills Enhancement Program;
- An Accelerated Industry Co-Op Program; and
- A Public Internship Program.

This new Initiative is the result of the Province's growing responsibility for Labour Market Development funding - and these new programs will place a premium on training to allow Islanders to upgrade their skills. Additionally, over half of these employment opportunities will be targeted for rural Prince Edward Island.

"...new programs will place a premium on training to allow Islanders to upgrade their skills."

Madame Speaker, another source of optimism is the growing role of immigration as an important driver of the Island economy. In 2008, we welcomed 1,483 immigrants to Prince Edward Island - an increase of 33 percent over the previous year. Prince Edward Island continues to experience higher-than-average immigration growth, due in large measure to the Provincial Nominee Program.

"...another source of optimism is the growing role of immigration as an important driver of the Island economy."

In the last two years, the Provincial Nominee Program has generated a minimum of $126 million of investment in the Island economy. In fact, 1.5% of the Island's total economy, along with at least 2,000 jobs, can be attributed to the economic benefit of our immigration efforts.

As a Government, we are committed to helping immigrants with services to facilitate their settlement on Prince Edward Island. In support of this goal, 2009-2010 will see a $600,000 increase in funding to the Population Secretariat. This increase in funding complements the added investments we have made since taking Office, in key service areas such as English as an Alternative Language training.

Investing in our Island Environment

Madame Speaker, Government takes its role as steward of our environment very seriously.

"...Government takes its role as steward of our environment very seriously."

One of our key priorities has been to ensure that our water resources are safe and protected. For this reason, Government is currently forming its action plan regarding the implementation of the recommendations in the Report of the Commission on Nitrates in Groundwater. Government will continue offering free nitrate testing clinics, and we are pleased to note that over the past year a total of 3,574 samples were tested through the 25 clinics offered Island-wide.

We are also investing $1 million in the Watershed Management Program, which in 2008-2009 saw 29 groups access 110 employees in roles ranging from planting trees in buffer zones, to enhancing fish habitat and facilitating watershed planning meetings. As I said earlier, this represents an additional $500,000 investment in this initiative.

Madame Speaker, the Office of Energy Efficiency will continue to help Islanders conserve energy - and save money. In 2008-2009 a total of 2,020 energy audits were done in homes and businesses across Prince Edward Island, many with the help of the P.E.I. Eco-Energy Audit Assistance Program.

"... the Office of Energy Efficiency will continue to help Islanders conserve energy - and save money."

Madame Speaker, Government is also moving forward with its plan to bring clean, renewable energy to Prince Edward Island. In less than two years, Island wind production has grown by 79.2 megawatts, or 52 per cent. Government - in cooperation with Island communities - will be moving forward with the 10 Point Plan for wind energy development, making Prince Edward Island one of the greenest jurisdictions in North America.

Investing in Island Communities

Madame Speaker, in addition to Government's commitment to such Provincial goals, we also recognize the vital role of communities as essential elements of our strength as an Island.

"... 2009-2010 will continue to see a precise focus on infrastructure spending that supports the Province's strategic priorities in the face of economic uncertainty."

Government continues to invest in Island communities, and 2009-2010 will continue to see a precise focus on infrastructure spending that supports the Province's strategic priorities in the face of economic uncertainty.

The Province will provide almost $22.5 million in municipal grants and equalization funding in 2009-2010, an increase of about 2.6% or $600,000 over 2008-2009. Communities, Cultural Affairs and Labour will contribute about $45 million in 2009-2010 to infrastructure projects, which are mainly municipal infrastructure, an increase of about $10 million over 2008-2009. Combined with the $1 million in annual savings from the elimination of administrative fees in 2008-2009, municipalities will receive a total financial transfer of about $68.5 million in 2009-2010, up from about $58.7 million in 2008-2009.

Announced in 2008-2009, the Island Community Fund represents an overall Provincial investment of $27.5 million toward the infrastructure needs of communities, with $5.3 million spent in 2009-2010.

"The Island Community Fund enables municipal governments and non-governmental organizations to access funds for projects..."

The Island Community Fund enables municipal governments and non-governmental organizations to access funds for projects not eligible under the current suite of Infrastructure programs, and to support Provincially-strategic infrastructure projects.

Thus far, the Island Community Fund has supported projects across the Island, including:

- Construction of a new Fire Hall in New London;
- Energy Retrofit to the Confederation Centre of the Arts;

- Renovations to the Breadalbane Community Hall;
- Upgrade to Rustico Harbour Fisheries Museum;
- Abegweit Mawiomi Ground Development Project; and
- Improvements to the Malpeque Community Centre.

The $10 million increase to infrastructure program spending will address commitments to a number of infrastructure programs including the Building Canada Fund, further spending on public transit initiatives, and funding for locally-focused projects under the Island Community Fund.

The Province has endorsed major infrastructure projects such as the Summerside Wind Farm and the Tourism and Convention Centre.

"The Province has endorsed major infrastructure projects such as the Summerside Wind Farm and the Tourism and Convention Centre."

Madame Speaker, perhaps one of the most important investments in Island communities this year will be the much anticipated Canada Summer Games. Like all Islanders, I await with great anticipation our hosting of the 2009 Canada Summer Games - in which 35 venues will be used to support the staging of these events. These venues can be found in communities like Souris, Tignish, Montague, O'Leary, Cardigan, Alberton, Brudenell, Evangeline, New London, Summerside and Charlottetown.

The Province has invested over $12 million in operating support and capital construction of venues and facilities to support the 2009 Canada Summer Games.

"The Province has invested over $12 million in operating support and capital construction of venues and facilities to support the 2009 Canada Summer Games."

Our Five-Year Capital Plan

Madame Speaker, in the Fall of 2008 our Government was one of the first in Canada to introduce an economic stimulus program in the form of our Five-year Capital Plan. This represents $510 million in capital spending, including close to $130 million in 2009-2010.

It is anticipated that our Capital Budget will have a significant stimulus effect on the Island economy, resulting in:

- the creation of 5,043 jobs;
- the generation of $39.3 million in new provincial tax revenues; and
- the addition of $278 million to our GDP.

Our Government is committed to Capital spending that responds to the key priorities of Islanders. For this reason, we have identified the following Capital project priorities:

"Our Government is committed to Capital spending that responds to the key priorities of Islanders."

Health and Social Infrastructure

Over the next 5 years, our Government will spend $116.8 million in health care infrastructure, including; hospital renovations, the replacement and modernization of our long term care facilities, and facilities to support youth-at-risk. Of this amount, $38.4 million will be spent in 2009-2010. In addition, the plan calls for $8 million in seniors and social housing over the next 5 years.

Education Infrastructure

Our Government will continue to invest in education infrastructure in the amount of $41.8 million for new school construction, renovations, and Capital upgrades. Of this amount, $21.7 million will be spent in 2009-2010.

Highway Infrastructure

This Capital plan also includes unprecedented spending on improvements and upgrades to our highway infrastructure. In total, our Government will invest $253.5 million in highway infrastructure, including the redevelopment of 700 kilometers of our Island roads and the repair of 35 bridges. Of this amount, $44 million will be spent in 2009-2010 to address our highways infrastructure deficit.

"In total, our Government will invest $253.5 million in highway infrastructure, including the redevelopment of 700 kilometers of our Island roads and the repair of 35 bridges."

Safety and Security Infrastructure
Our Government recognizes the need to invest in infrastructure that supports the safety and security of our citizens and our communities. In this area, we will be investing $17 million on a Correctional Facilities Modernization Program and a further $5,325,000 in a Provincial Emergency Radio System and 911 system upgrades.

Innovation Infrastructure
Finally, the Plan calls for $15 million in innovation infrastructure in the form of the BioCommons facility to serve as a focal point for our emerging biotechnology sector.

The Economy - Our Island in the World and National Context

Madame Speaker, I would now like to address the economic situation in some detail.

As many have pointed out, we live in unprecedented times. Global financial markets have experienced severe turbulence since the Fall of 2007. The difficulty in sub-prime mortgages and its spread through the wider financial system, resulted in a globally-precarious economic situation. In fact, the International Monetary Fund is projecting the first global recession since the end of the Second World War.

"As many have pointed out, we live in unprecedented times. Global financial markets have experienced severe turbulence since the Fall of 2007."

It is widely-believed that the economy in the United States has been in recession since late 2007 and the U.S. Federal Reserve is projecting an economic contraction by up to 1.3 per cent in 2009. Unemployment in the United States is currently at a 25-year high.

The economic slowdown has been less severe in Canada. Statistics Canada estimates a 2008 growth rate of 0.5 per cent in the Canadian economy. The Federal Department of Finance is projecting a contraction of 0.8 per cent in 2009.

On a brighter note, the Bank of Canada is projecting that we will be out of recession - perhaps as early as the Third Quarter of this year. Considering the fact that we were also the last major economy to enter a recessionary cycle, this is good news for all Canadians.

As I said earlier, the Island is not immune from the global economic slowdown. However, our growth during 2008 - at 1.2 per cent - was well ahead of the national pace. This year, the growth outlook is estimated to slow to about 0.5 per cent.

"...the Island is not immune from the global economic slowdown. However, our growth during 2008 - at 1.2 per cent - was well ahead of the national pace. "

Other highlights from 2008 include:

- Employment growth of 1.4 per cent to reach 70,200 people;
- The fastest population growth east of Saskatchewan at 1.23 per cent;
- Growth in labour income averaged 3.7 per cent;
- Retail Spending increased 4.7 per cent;
- Potato receipts advanced 1.5 per cent; and
- International exports increased 10.6 per cent.

Madame Speaker, as always, additional information on the economy can be found in Budget Paper A: Highlights of the Prince Edward Island Economy 2008 and 2009 at the back of the Budget Address.

Revenues

Since this Government came to Office in the Summer of 2007, Island families and business have benefitted from tax reductions that include:

- A 4.4 cent per litre reduction in the tax on gasoline - which represents a $17.6 million investment with direct benefits to Islanders;

- Freezing the owner-occupied component of residential property assessments - which has saved Islanders an estimated $4 million since it was introduced;

- For two years in a row - during 2007 and 2008 - personal income taxes were reduced, saving Islanders $13 million to date;

- Disability and Education tax credits have been increased; and

- Small business taxes will continue to be reduced.

"Freezing the owner-occupied component of residential property assessments ... saved Islanders an estimated $4 million since it was introduced;"

Madame Speaker, as of April 1 of this year, the small business income tax rate declined to 2.1 per cent. As Government continues to improve the capacity of our Island's small businesses to thrive and prosper, the rate will decline to one per cent on April 1, 2010.

Further, Madame Speaker, the small business income threshold will increase to $500,000. This measure is effective retroactive to January 1, 2009.

Madame Speaker tonight, I am announcing one taxation increase. To help fund several of the expanded health services that are announced in this Budget, the tax on tobacco will increase by five dollars per carton effective at midnight tonight. This measure is expected to raise an additional $3.1 million annually - and these funds will be used to improve health care for all Islanders.

"To help fund several of the expanded health services that are announced in this Budget, the tax on tobacco will increase by five dollars per carton effective at midnight tonight. This measure is expected to raise an additional $3.1 million annually - and these funds will be used to improve health care for all Islanders."

Madame Speaker, the slowing economic situation has affected revenues in 2008-2009. Total operating revenues for 2008-2009 have declined by about $13.4 million from the original budget.

The majority of the declines are attributed to slower growth in personal and corporate income taxes and the tax on gasoline.

Madam Speaker, operating revenues for 2009-2010 are projected to increase by $89.5 million or 6.7 per cent compared to the 2008-2009 forecast amount. A significant part of this increase is due to the Provincial and Federal governments working together to deliver economic stimulus when the economy needs it the most.

The slower economic growth that is projected for 2009 will limit growth in own-source revenues to $22.6 million or about 3.0 per cent. The impact of the slowing economy is greatest on Corporate Income Tax revenues which are expected to decline by over 31.6 per cent from the 2008-2009 budget amount. Personal Income Taxes are anticipated to increase by 3.9 per cent compared to budget.

Federal sources of revenues are anticipated to increase by $60.2 million - most of which is due to Federal stimulus programs for much-needed infrastructure and the transfer of responsibility for the Labour Market and Labour Market Development Agreements to the Province.

Madame Speaker, the Government of Prince Edward Island is concerned that the Federal restraint that was imposed on equalization will unduly restrict this revenue in future years. I will continue to press this concern with my Federal counterpart.

Conclusion

Madame Speaker, as I stated at the outset of my speech, Government is taking a balanced fiscal approach this year.

We believe we have found that balance - between the present needs of Islanders and our desire to build a healthier, more prosperous and educated Island for the future.

"We believe we have found that balance - between the present needs of Islanders and our desire to build a healthier, more prosperous and educated Island for the future."

This was a difficult exercise - and I want to thank all those who contributed so much to the process.

En tant que communauté - en tant qu'île - nous avons une longue et fière histoire de collaboration. Je crois que notre plan pour l'année qui s'en vient reflète cette tradition et permettra à l'Île de viser un avenir plus prospère.

I am proud of the new investments we are making in Islanders - and I am just as proud of the careful deliberation and purpose that went into the planning of tonight's budget.

Like every other Islander, I recognize that the global economy has been precarious. But I also believe that times of change create opportunities.

For that reason, I am very proud to belong to a Government that has positioned itself to take advantage of the inevitable changes faced by the world - while simultaneously protecting our most vulnerable citizens.

I am confident, Madame Speaker, that we have protected the present - and set a clear path toward the future.

Thank you.

"En tant que communauté - en tant qu'île - nous avons une longue et fière histoire de collaboration. Je crois que notre plan pour l'année qui s'en vient reflète cette tradition et permettra à l'Île de viser un avenir plus prospère."

BUDGET SCHEDULES

1. Budget Summary
2. Revenue Summary by Source
3. Expenditure Summary by Department
4. Summary of Budgeted Surplus (Deficit) of Crown Corporations
5. Summary of Amortization of Tangible Capital Assets
6. Where the Money Comes From
7. Where the Money Goes
8. Cash Requirements
9. Summary Comparison - Provincial Tax Rates
10. Personal Income Tax 2009

Schedule 1
Budget Summary

	2009-2010 Budget Estimate	2008-2009 Budget Forecast	2008-2009 Budget Estimate
	$	$	$
REVENUE			
Provincial Own Sources	784,426,100	761,866,300	771,450,900
Federal Sources	616,635,500	553,529,500	556,404,300
Sinking Fund Earnings	14,875,500	14,393,000	16,457,100
Net Consolidated Surplus of Crown Corporations	13,721,300	10,405,400	9,306,900
Total Revenue	1,429,658,400	1,340,194,200	1,353,619,200
EXPENDITURE			
Program Expenditures	1,359,572,300	1,238,572,800	1,230,244,500
Interest Charges on Debt	114,270,300	110,058,100	117,338,100
Operating Expenditure	1,473,842,600	1,348,630,900	1,347,582,600
Amortization Expense	51,427,900	48,784,400	50,629,100
Amortization of Capital Revenue	(10,273,900)	(9,841,500)	(9,741,400)
Total Expenditure	1,514,996,600	1,387,573,800	1,388,470,300
CONSOLIDATED DEFICIT BEFORE RESTATEMENT	**(85,338,200)**	**(47,379,600)**	**(34,851,100)**
Restatement of Provincial Paving to Capital Budget	-	6,000,000	6,000,000
CONSOLIDATED DEFICIT	**(85,338,200)**	**(41,379,600)**	**(28,851,100)**
COMPOSITION OF CONSOLIDATED DEFICIT			
Consolidated Deficit from Operations	(45,969,200)	(31,254,400)	(28,851,100)
Pension Fund Market Adjustment	(39,369,000)	(10,125,200)	-
CONSOLIDATED DEFICIT	**(85,338,200)**	**(41,379,600)**	**(28,851,100)**

Schedule 2
Revenue Summary by Source

	2009-2010 Budget Estimate	2008-2009 Budget Forecast	2008-2009 Budget Estimate
	$	$	$
PROVINCIAL OWN SOURCES			
Taxes	670,200,000	652,821,100	664,174,400
Fees and Services	48,750,200	45,162,100	43,692,500
Sales	35,498,500	35,686,900	33,496,600
Licenses and Permits	20,148,100	18,493,400	18,281,100
Investments	9,829,300	9,702,800	11,806,300
Sub-Total	784,426,100	761,866,300	771,450,900
GOVERNMENT OF CANADA			
Equalization	339,919,000	321,686,000	321,686,000
Canada Health Transfer	104,364,000	99,509,000	98,823,000
Canada Social Transfer	45,328,000	44,214,000	44,171,000
Base Funding for Infrastructure	42,000,000	25,000,000	25,000,000
Infrastructure Programs	24,592,900	13,279,500	19,053,800
Labour Market Agreements	19,354,100	947,800	455,000
Trust Fund for Clean Air and Climate Change	5,000,000	5,000,000	5,000,000
Community Development Trust	4,572,500	4,578,700	4,578,300
Wait Time Reduction	4,030,700	6,581,600	6,581,600
Housing Trusts	2,906,300	4,049,600	3,549,600
Minority and Second Language	2,622,300	2,722,300	2,622,300
Canada Employment	2,500,000	5,000,000	5,000,000
Young Offenders Services	2,021,000	2,021,000	2,021,000
Crop Insurance	1,477,800	1,258,400	1,338,400
Rehabilitation Programs	1,376,000	1,376,000	1,376,000
French Services Agreement	1,310,000	1,325,400	1,319,900
Public Transit Trust	1,050,000	3,758,500	2,708,500
Other	12,210,900	11,221,700	11,119,900
Sub-Total	616,635,500	553,529,500	556,404,300
TOTAL CURRENT REVENUE	1,401,061,600	1,315,395,800	1,327,855,200
Sinking Fund Earnings	14,875,500	14,393,000	16,457,100
Net Consolidated Surplus of Crown Corporations	13,721,300	10,405,400	9,306,900
TOTAL OPERATING REVENUE	**1,429,658,400**	**1,340,194,200**	**1,353,619,200**

Schedule 3
Expenditure Summary by Department

	2009-2010 Budget Estimate	2008-2009 Budget Forecast	2008-2009 Budget Estimate
	$	$	$
CURRENT			
Agriculture	29,941,000	30,837,300	29,651,800
Communities, Cultural Affairs and Labour	86,220,400	65,858,300	75,752,800
Education and Early Childhood Development	206,858,000	196,291,500	195,773,100
Island Regulatory and Appeals Commission	1,335,100	1,310,700	1,310,700
Environment, Energy and Forestry	23,895,000	23,214,500	22,983,400
P.E.I. Energy Corporation	584,100	591,500	592,100
Executive Council	4,096,500	3,866,900	3,965,300
Fisheries, Aquaculture and Rural Development	7,821,100	7,396,900	7,458,800
Employment Development Agency	5,264,700	4,583,700	4,018,100
Health	444,490,800	416,169,900	410,414,800
Innovation and Advanced Learning	104,686,400	82,613,600	82,966,600
Innovation PEI	26,941,300	29,131,800	28,773,200
P.E.I. Lending Agency	823,700	1,433,800	1,433,800
Office of the Attorney General	39,663,900	37,771,000	38,285,300
Provincial Treasury	37,669,200	35,113,900	36,281,000
Council of Atlantic Premiers	196,100	200,000	200,000
Employee Benefits	80,411,800	49,888,500	39,053,500
General Government	12,892,300	3,212,100	2,760,900
Technology Asset Management	2,100,000	1,879,500	2,300,000
Social Services and Seniors	124,235,600	120,171,200	120,635,600
Tourism PEI	24,542,400	24,982,900	24,351,300
Interministerial Women's Secretariat	435,600	435,600	435,600
Transportation and Public Works	86,156,600	93,397,100	91,901,600
Auditor General	1,682,100	1,489,900	1,644,200
Legislative Assembly	4,790,900	4,667,200	4,667,200
P.E.I. Public Service Commission	5,637,700	5,863,500	5,863,800
Amortization Recorded in Crown Corporations	(5,000,000)	(5,000,000)	(4,380,000)
Amortization of Capital Contributions in Crown Corporations	1,200,000	1,200,000	1,150,000
PROGRAM EXPENDITURE	1,359,572,300	1,238,572,800	1,230,244,500
Interest Charges on Debt	114,270,300	110,058,100	117,338,100
OPERATING EXPENDITURE	**1,473,842,600**	**1,348,630,900**	**1,347,582,600**

Schedule 4
Summary of Budgeted Surplus (Deficit) of Crown Corporations

	2009-2010 Budget Estimate	2008-2009 Budget Forecast	2008-2009 Budget Estimate
	$	$	$
Charlottetown Area Development Corporation[1]	18,800	83,000	85,000
Island Investment Development Inc[2]	9,075,300	14,031,100	5,289,700
Island Waste Management Corporation	(68,200)	(22,600)	(7,500)
P.E.I. Agriculture Research Investment Fund Inc	(73,800)	(81,400)	(81,400)
P.E.I. Aquaculture and Fisheries Research Initiative Inc	(223,000)	(259,700)	(223,000)
Prince Edward Island Agricultural Insurance Corporation	50,000	(7,510,800)	9,500
Prince Edward Island Energy Corporation	5,121,000	4,128,000	3,983,000
Prince Edward Island Grain Elevators Corporation	35,000	192,000	220,600
Prince Edward Island Self-Insurance and Risk Management Fund	200,000	200,000	200,000
Prince Edward Island Special Projects Fund	(250,000)	(250,000)	(250,000)
Summerside Regional Development Corporation [1]	(163,800)	(104,200)	81,000
NET CONSOLIDATED SURPLUS OF CROWN CORPORATIONS	13,721,300	10,405,400	9,306,900

Notes

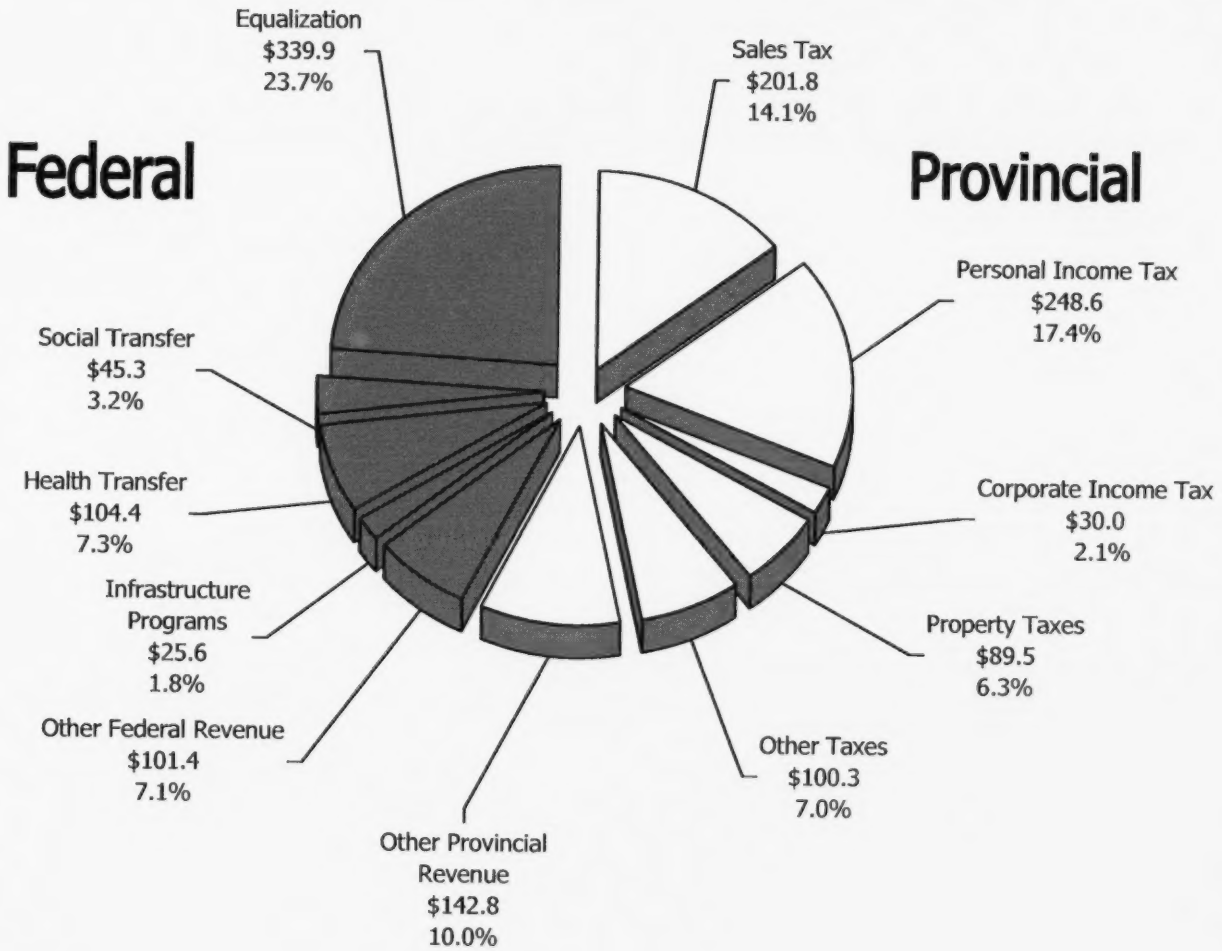
1 The Budget Estimates include 83% of the total surplus (deficit) of the Charlottetown Area Development Corporation; and 75% of the total surplus (deficit) of the Summerside Regional Development Corporation, to reflect the Province's ownership of these entities.

2 The Budget Estimate 2008-2009 has been restated to conform to current year's presentation. The Population Secretariat has been moved from Island Investment Development Inc. (IIDI) to the Department of Innovation & Advanced Learning effective April 1, 2009.

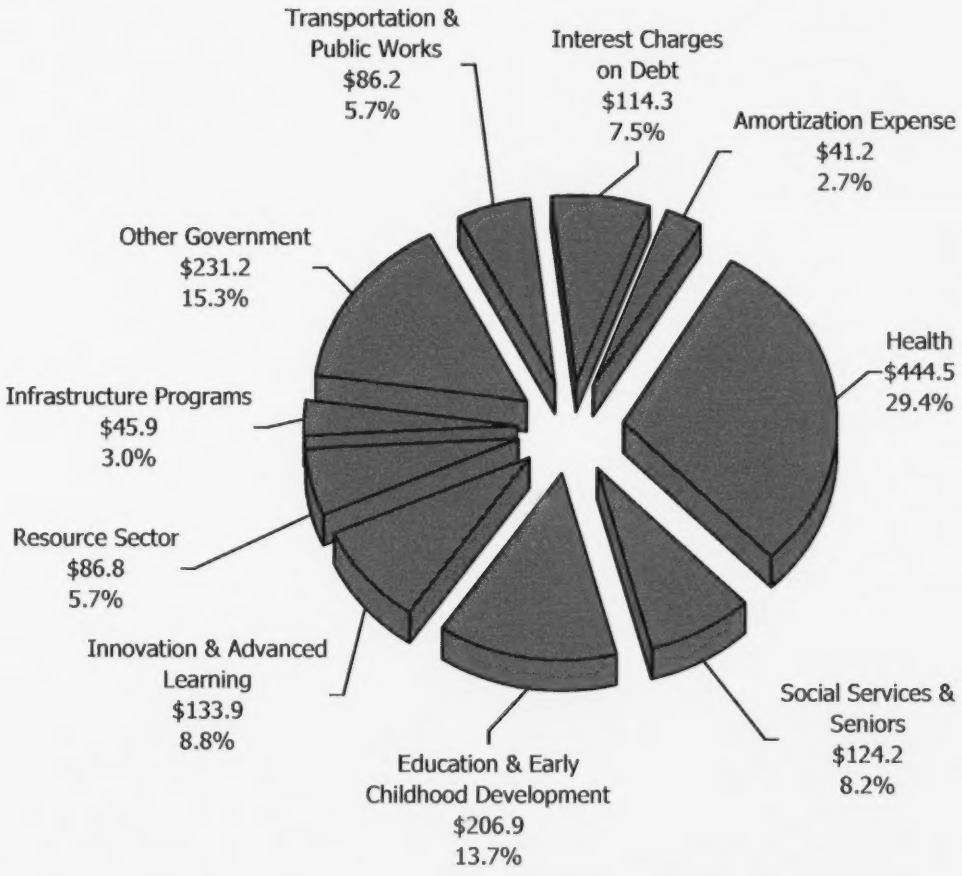
Schedule 5
Summary of Amortization of Tangible Capital Assets

	2009-2010 Budget Estimate	2008-2009 Budget Forecast	2008-2009 Budget Estimate
	$	$	$
AMORTIZATION OF TANGIBLE CAPITAL ASSETS			
General Government:			
Buildings and Improvements	5,263,300	5,145,100	5,292,000
Lease Improvements	310,000	310,000	305,000
Roads and Bridges	15,365,800	16,061,600	17,830,100
Motor Vehicles	1,464,900	1,308,100	1,409,600
Equipment	15,420,400	12,683,000	13,604,000
Other	1,876,500	1,748,600	1,661,800
Total General Government	39,700,900	37,256,400	40,102,500
Amortization Recorded in Expenditure Summary by Department:			
Innovation PEI	2,900,000	2,900,000	2,980,000
Tourism PEI	600,000	600,000	-
PEI Housing Corporation	1,500,000	1,500,000	1,400,000
Total Recorded in Expenditure Summary by Department	5,000,000	5,000,000	4,380,000
Other Sectors:			
Education Sector	6,700,000	6,500,000	6,106,600
PEI Museum and Heritage Foundation	-	-	5,000
Harness Racing PEI	2,000	3,000	10,000
Crown Building Corporation	25,000	25,000	25,000
Total Other Sectors	6,727,000	6,528,000	6,146,600
TOTAL AMORTIZATION OF TANGIBLE CAPITAL ASSETS	**51,427,900**	**48,784,400**	**50,629,100**
AMORTIZATION OF CAPITAL CONTRIBUTIONS			
Total General Government	9,073,900	8,641,500	8,591,400
Innovation PEI	1,200,000	1,200,000	1,150,000
TOTAL AMORTIZATION OF CAPITAL CONTRIBUTIONS	**10,273,900**	**9,841,500**	**9,741,400**

Schedule 6
Where the Money Comes From
2009-2010 Revenues
($ millions)



Schedule 7
Where the Money Goes
2009-2010 Expenditures
($ millions)


Transportation & Public Works $86.2 5.7%
Interest Charges on Debt $114.3 7.5%
Amortization Expense $41.2 2.7%
Other Government $231.2 15.3%
Health $444.5 29.4%
Infrastructure Programs $45.9 3.0%
Resource Sector $86.8 5.7%
Innovation & Advanced Learning $133.9 8.8%
Social Services & Seniors $124.2 8.2%
Education & Early Childhood Development $206.9 13.7%

Schedule 8
Cash Requirements

	2009-2010 Budget Estimate	2008-2009 Budget Forecast	2008-2009 Budget Estimate
CASH REQUIREMENTS			
Consolidated (Surplus) Deficit	85,338,200	47,379,600	34,851,100
Net Acquisition of Tangible Capital Assets	127,353,800	88,639,600	66,458,200
Amortization of Tangible Capital Assets	(51,427,900)	(48,784,400)	(50,629,100)
Amortization of Capital Contributions	10,273,900	9,841,500	9,741,400
Net Borrowings on behalf of Crown Corporations	53,950,000	7,560,000	21,530,000
Sinking Fund Earnings	14,875,500	14,393,000	16,457,100
Sinking Fund Provisions	14,500,000	14,500,000	14,502,000
Change in Short-Term Payables/Receivables	(45,683,400)	(7,696,300)	(6,400,000)
Transfer to Pension Fund	21,200,000	21,200,000	21,200,000
Maturing Debt:			
Canada Pension Plan	10,544,000	9,703,000	9,703,000
Refinancing of Canada Pension Plan	(10,544,000)	(9,703,000)	(9,703,000)
Public Debentures	-	92,667,000	92,667,000
Maturities Financed by Sinking Fund	-	(59,700,000)	(59,700,000)
TOTAL CASH REQUIREMENTS	230,380,100	180,000,000	160,677,700
SOURCES OF CASH			
Short-term Borrowing	130,380,100	80,000,000	60,677,700
Long-term Borrowing	100,000,000	100,000,000	100,000,000
TOTAL SOURCES OF CASH	230,380,100	180,000,000	160,677,700

Schedule 9

Summary Comparison - Provincial Tax Rates[1]

	Sales Tax (%)	Tobacco Tax ($/pk 25)	Fuel Tax Gasoline (¢/litre)	Fuel Tax Diesel (¢/litre)	Corporate Income Tax General (%)	Corporate Income Tax Small (%)
British Columbia	7.0	4.63	14.5	15.0	11.0	2.5
Alberta	0.0	5.00	9.0	9.0	10.0	3.0
Saskatchewan	5.0	4.58 [3]	15.0	15.0	12.0	4.5
Manitoba	7.0	4.63 [3]	11.5	11.5	13.0	1.0
Ontario	8.0	3.09	14.7	14.3	14.0	5.5
Quebec	7.5	2.58	15.2 [3]	16.2 [3]	11.9	8.0
New Brunswick	8.0	2.94 [3]	10.7 [3]	16.9 [3]	13.0	5.0
Nova Scotia	8.0	4.13 [3]	15.5 [3]	15.4 [3]	16.0	5.0
Newfoundland	8.0	4.50 [3]	16.5 [3]	16.5 [3]	14.0	5.0
Prince Edward Island	**10.0**	**5.61**	**7.1** [2]	**11.5** [2]	**16.0**	**2.1**
Atlantic Average	8.5	4.30	12.5	15.1	14.8	4.3
National Average	6.9	4.17	13.0	14.1	13.1	4.2

[1] Rates are effective as of April 16th.

[2] A 10.7% tax on the average wholesale price applies to a maximum of 8.7 c/l.

[3] Provincial Sales Tax applies.

Schedule 10
Personal Income Tax 2009

Tax Brackets & Rates:

9.8% of taxable income less than or equal to $31,984

13.8% of taxable income between $31,984.01 and $63,969

16.7% of taxable income in excess of $63,969

10% of provincial tax in excess of $12,500

Tax Credits:	**Amount ($)**
Basic personal amount	7,708
Spouse or common-law partner amount	6,546
- Income threshold	655
Amount for eligible dependant	6,294
- Income threshold	629
Caregiver amount	2,446
- Income threshold	11,953
Amount for infirm dependants	2,446
- Income threshold	4,966
Age amount	3,764
- Income threshold	28,019
Pension amount	1,000
Disability amount	6,890
Disability supplement	4,019
- Threshold for child & attendant care expenses	2,354
Teacher school supply amount (maximum)	500
Young child amount (maximum)	1,200
Full-time education amount (monthly)	400
Part-time education amount (monthly)	120
Transfer limit for tuition and education amounts	5,000
Medical expense threshold	1,678
Medical expense limit – other dependants	10,000
Political contributions tax credit (maximum)	500

Low Income Tax Reduction Program:	
Basic reduction	250
Reduction for spouse or common-law partner	250
Reduction for dependant children	200
Phase-out rate of family adjusted income in excess of $15,000	5%

BUDGET PAPER A:

BACKGROUND NOTES ON THE ECONOMY

BUDGET PAPER A:
HIGHLIGHTS OF THE PRINCE EDWARD ISLAND ECONOMY 2008 AND 2009

The International Economy

Due to the continued financial and economic uncertainty currently being felt as a result of bank collapses and the mass-nationalization of the financial and economic sectors of the economy, the International Monetary Fund (IMF) forecasts that world economic growth will contract 0.6 per cent in 2009. This new estimate represents a downward revision of 2.85 per cent from the IMF's November outlook, emphasizing how quickly economic conditions have deteriorated in the last several months. The IMF does not see a sustained recovery until credit markets become unclogged and the financial system's functionality is restored. To this end, both fiscal and monetary policy prescriptions are needed to support aggregate demand, a situation that is unlikely to change in the near future.

All of the growth seen in 2009 will stem from Asian economies, which are expected to grow at a rate of 3.6 per cent, well below their 6.25 per cent growth seen in 2008. G-7 economies are expected to contract 3.2 per cent in 2009, while Latin American economies are expected to contract 0.6 per cent.

Due to the continuing deterioration of the economic and financial situation, the finance ministers and central bank governors of the G-20 met on March 14, 2009 to discuss the situation. The outcome of the meeting was a reiteration of the commitment to restore global growth and support lending, as well as commitments to reform and strengthen the global financial system. This group also pledged to fight protectionism, with the aim of maintaining open trade and investment. The G-20 leaders meeting on April 2, 2009 reiterated these commitments, as well further commitments to build an inclusive, green and sustainable recovery.

The IMF has also been amassing funds to increase its capacity to lend. Several emerging and advanced economies have had to rely on the IMF due to the present economic situation, and there is a fear that if a large industrializing country were to come under pressure, this may be too unbearable for the institution. G-20 leaders pledged additional support to the IMF at their April 2, 2009 meeting in London. As a result, the IMF has $750 billion in funds to lend in case of emergencies.

The American Economy

The American economy continues to face numerous difficulties, and is now widely believed to have been in a recession since Q4 2007. Real GDP growth in the United States has been trending downward for several years, with GDP growth for 2008 at 1.1 per cent, as compared to 2.0 per cent in 2007. GDP growth for the last two quarters of 2008 has been negative, with a fourth quarter contraction of 6.3 per cent at an annual rate. The Federal Reserve expects a GDP contraction in the American economy to occur in 2009-10 of between 0.5 and 1.3 per cent.

With the spread of the subprime mortgage situation into broader American financial markets, then into global financial markets, and finally into the real economy, the United States finds itself in a position of a mounting federal deficit, rising unemployment, and a continually weakening economic situation. Currently, 4.3 per cent of U.S. mortgages are in arrears. The unemployment rate in the United States has increased steadily over this time period, from a low of 4.8 per cent in February 2008, to 8.5 per cent in March 2009. Unemployment is expected to climb further in 2009-10, with the Federal Reserve predicting that joblessness will increase to between 8.5 and 8.8 per cent during that time period.

In an attempt to combat this situation, the United States Government has passed several rounds of economic stimulus, the latest totaling $787 billion. In an effort to provide liquidity to credit markets, and ease lending, the United States Federal Reserve has lowered the federal funds rate to essentially zero.

The Canadian Economy

The Canadian economy is in a stronger position fiscally than most other countries in the world. Good financial stewardship during periods of economic expansion, as well as tighter regulations imposed in Canada on the banking and mortgage sectors have helped in this regard. However, Canada is not immune to the economic crisis, as is evidenced by rising unemployment, and declining real GDP.

Statistics Canada estimates that the Canadian Economy grew by 0.5 per cent in 2008. This is substantially lower than the 2.7 per cent growth witnessed in 2007. Finance Canada expects national GDP to contract by 0.8 per cent in 2009, as a result of the spread in the credit crisis that originated in the United States.

The economic issues facing Canada in the last twelve months have changed markedly. From adjusting to a high dollar and sky high commodity prices, we are now in an environment with a falling dollar and low commodity prices. Commodity prices reached record highs in 2008, with oil peaking at $147 a barrel in July. Prices for other commodities such as copper, zinc, nickel and potash were also very strong, resulting in large windfalls for those provinces who were producers. However, due to the economic events in September, prices for commodities, along with the Canadian dollar have declined sharply resulting in decreased revenue for provinces that produce those commodities. Consequently, the revenue situation for those provinces which are heavily reliant on revenue from resource extraction has deteriorated considerably.

From its high of 1.10 cents US in November 2007, the Canadian dollar has depreciated sharply against the US dollar. Currently, it is trading slightly above 80 cents US. With the United States being Canada's largest trading partner, the depreciating dollar, may, in the future, be beneficial to exporters. However, at present, due to the economic situation south of the border, there is reduced demand for Canadian-made goods. Also, exporters had to absorb large input costs, both due to the high dollar and the high price of oil, and are now less able to recoup these expenses in the current environment.

Ontario and Quebec are expected to bear the brunt of the current economic situation. Ontario has seen sustained losses in its auto manufacturing sector, and also in its parts suppliers. In a more general sense, exporters and manufacturers in this region will be harmed due to a lack of demand from the United States, Canada's largest trading partner. Due to the current economic situation, the Federal Government and the Provincial Government in Ontario are considering strategies to provide some relief to the auto sector. Due to the economic downturn, Ontario is to receive Equalization for the first time in fiscal year 2009-10. Both Ontario and Quebec have projected deficit budgets for 2009-10, and are not likely to post positive economic growth.

The Atlantic region will see mixed results during this economic downturn. This region faces many of the same pressure felt elsewhere, with declines witnessed in its manufacturing and exporting sectors. This year is expected to be especially hard on the lobster fishery, which is still facing an inventory backlog from last season, and for parts manufacturing. Also those provinces in the east which have oil and gas, and other natural resource revenues, will see the same sort of declines witnessed in other areas of Canada.

The Bank of Canada was presented with two contrasting sets of circumstances in 2008. At the beginning of the year, high commodity prices, a steep rise in energy prices, strong domestic demand and a strong Canadian dollar posed a problem of high inflation. However, once the spread of the credit crisis began, an opposite situation emerged, with the possibility of a period of deflation. Despite these challenges, inflation remained at 2.3 per cent in 2008.

In an effort to facilitate credit and alleviate some of the downturn in the economy the Bank of Canada began aggressively cutting its overnight lending rate in October. Between January 2008 and March 2009, the overnight lending rate had been cut by 350 basis points, and currently sits at 0.5 per cent.

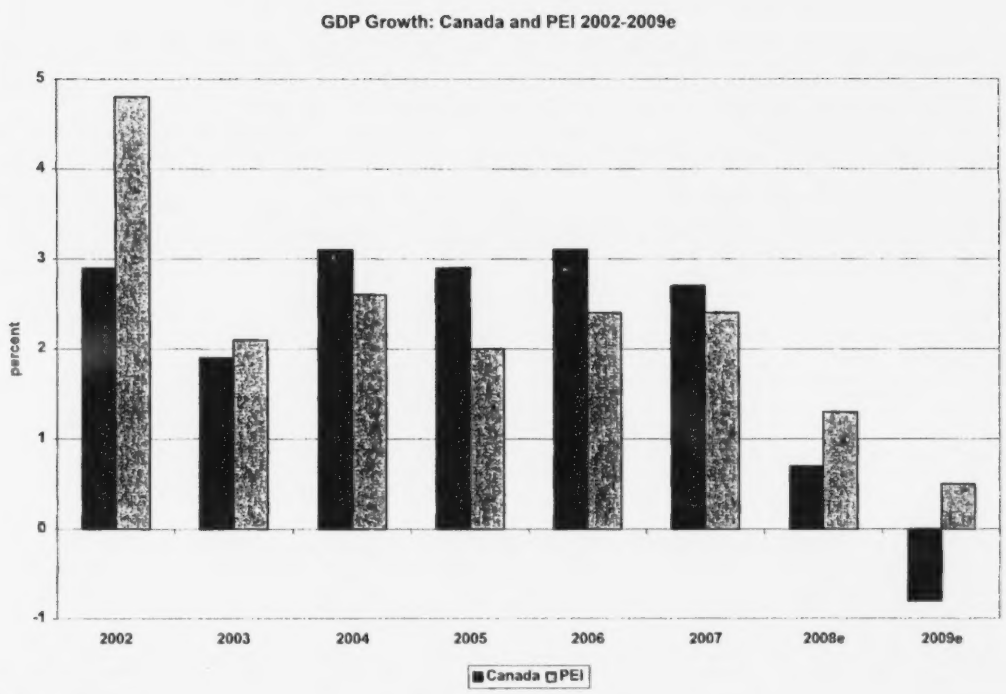
The Federal Government and most provinces are expected to run deficits in fiscal year 2009-10. In a sharp reversal from recent surplus, the Federal Government is expected to run a $34 billion deficit in 2009-10, and will continue to run deficits into the medium term.

Highlights of the PEI Economy

- GDP is projected to have grown at 1.2 per cent in 2008
- The all-items consumer price index advanced 3.4 per cent on the Island in 2008. This compares with a 2.3 per cent increase nationally.
- Employment grew 1.4 per cent in 2008 to reach 70,200 people
- Unemployment averaged 10.8 per cent for 2008
- Growth in labour income averaged 3.7 per cent over 2007 levels
- Retail Spending increased by 4.7 per cent compared with 2007
- Housing starts decline 5.3 per cent on the Island to 712 starts
- Farm cash receipts advanced 1.1 per cent in 2008, with potato receipts advancing 1.5 per cent
- Manufacturing shipments declined 3.9 per cent in 2008, while international exports increased 10.6 per cent
- As of July 1, 2008, the population of PEI is estimated to be 139,818 persons. This represents an increase of approximately 1,700 persons since July 1, 2007, or an increase of 1.23 per cent

The Prince Edward Island Economy

The Prince Edward Island economy grew at a rate of 2.4 per cent in 2007, and though the economic situation has caused large downward revisions to GDP growth for the Island, estimates for GDP growth from the Conference Board of Canada place economic growth at 1.2 per cent in 2008. Though growth in all areas of Canada is expected to be weak in 2009, PEI is well-positioned to avoid recession, and the economy is expected to grow by 0.5 per cent this year.



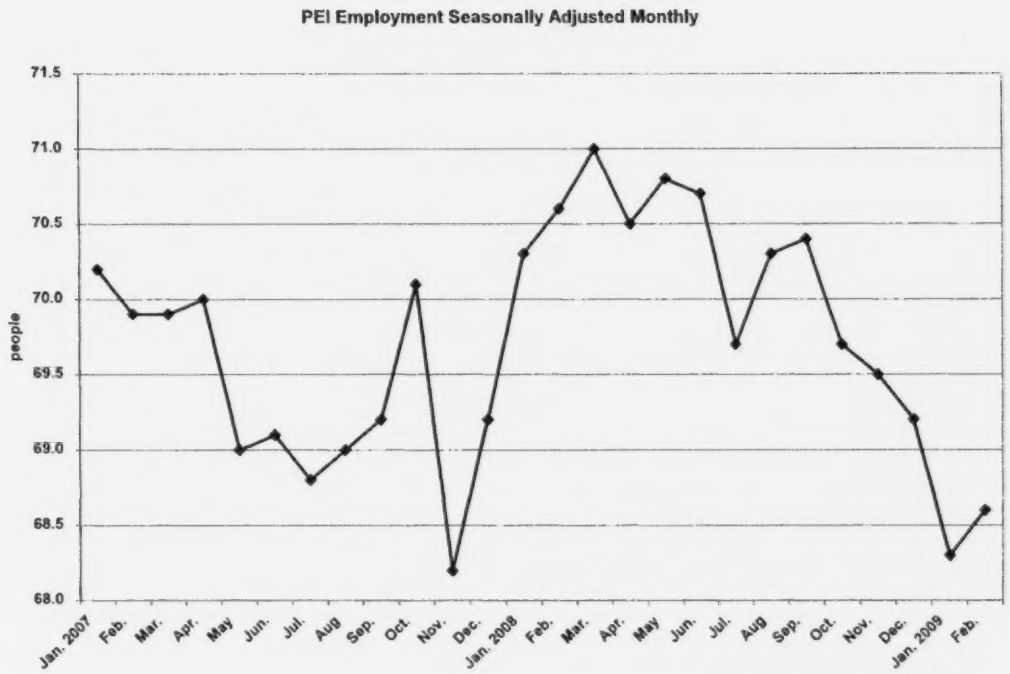
Employment

Employment on Prince Edward Island grew 1.4 per cent during 2008 to 70,200 people. This compares favourably to the 1.0 per cent growth in employment seen in 2007, and marks the eleventh consecutive year of employment gains on the Island. Many of the gains were made in the service producing sectors, which grew 2.5 per cent over 2007. This was offset by losses in the goods producing sector, which declined 1.7 per cent in 2008.

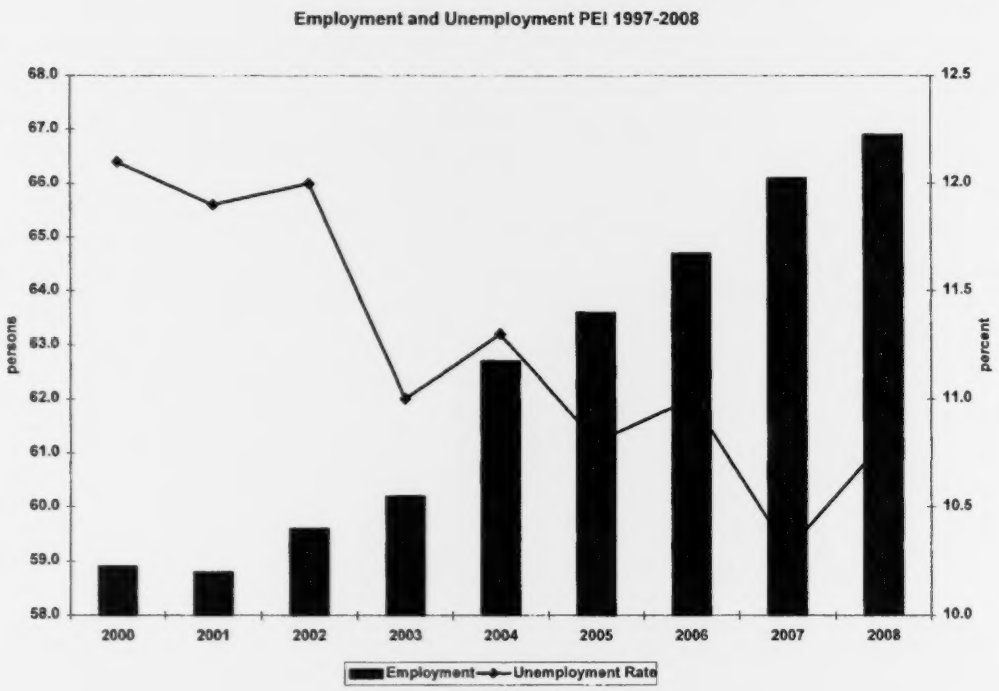
Employment By Industry PEI						
in thousands, not adjusted rebased 2001 Census	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Employment All Industries	**66.1**	**66.9**	**68.2**	**68.6**	**69.3**	**70.3**
Annual Growth rate	*2.2%*	*1.2%*	*1.9%*	*0.6%*	*1.0%*	*1.4%*
Goods-producing sector:	**16.9**	**17.3**	**17.8**	**18.9**	**17.9**	**17.6**
Annual Growth rate	*0.6%*	*2.4%*	*2.9%*	*6.2%*	*-5.3%*	*-1.7%*
Service-producing Sector:	**49.2**	**49.6**	**50.4**	**49.7**	**51.4**	**52.7**
Annual Growth rate	*2.7%*	*0.8%*	*1.6%*	*-1.4%*	*3.4%*	*2.5%*

Source: Labour Force Survey

Though overall gains in employment were recorded in PEI for 2008, the majority of these gains were seen through the first half of the year. Employment growth softened through the fourth quarter of 2008, and is expected to continue through the first part of 2009, erasing some of the earlier gains in employment.



The unemployment rate averaged 10.8 per cent in 2008. This is slightly higher than the 10.3 per cent recorded in 2007, but is still low by historical standards. Though part of this increase can be explained by job losses, part is also explained by having more entrants into the labour market, indicating that job seekers view employment prospects positively. The diagram below shows PEI's average employment levels and unemployment rate for the most recent nine years. As can be seen, a steady gain in employment has resulted in an overall decline in the unemployment rate.



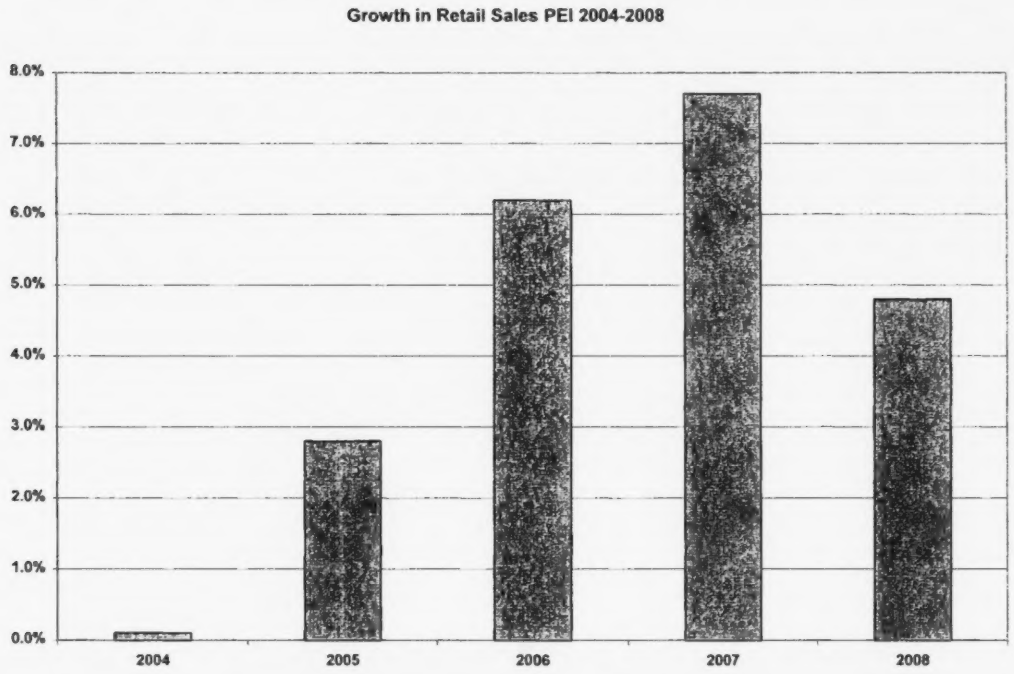
Labour Income

Wages and salaries have been growing steadily on PEI for the last number of years, with total wages and salaries increasing 3.7 per cent over 2007 levels. Increases in labour income can be attributed to employment growth, the settling of several provincial and Federal Government collective agreements, as well as through planned increases to the minimum wage.

According to the Statistics Canada survey of Payroll, Employment, Earnings and Hours, average weekly earnings continued to grow on the Island with average weekly earnings increasing 5.1 per cent in 2008. Average weekly earnings for January 2009, were $677.87.

Retail Sales

Retail sales in PEI advanced 4.7 per cent compared to 2007. This was the slowest rate of growth since 2005, but was still a relatively positive showing compared to other jurisdictions. Retail sales grew fairly steadily through the first eight months of 2008, before softening in the fourth quarter. One of the main reasons for the continued strength of retail sales on the Island was the strong showing seen in new motor vehicle sales.

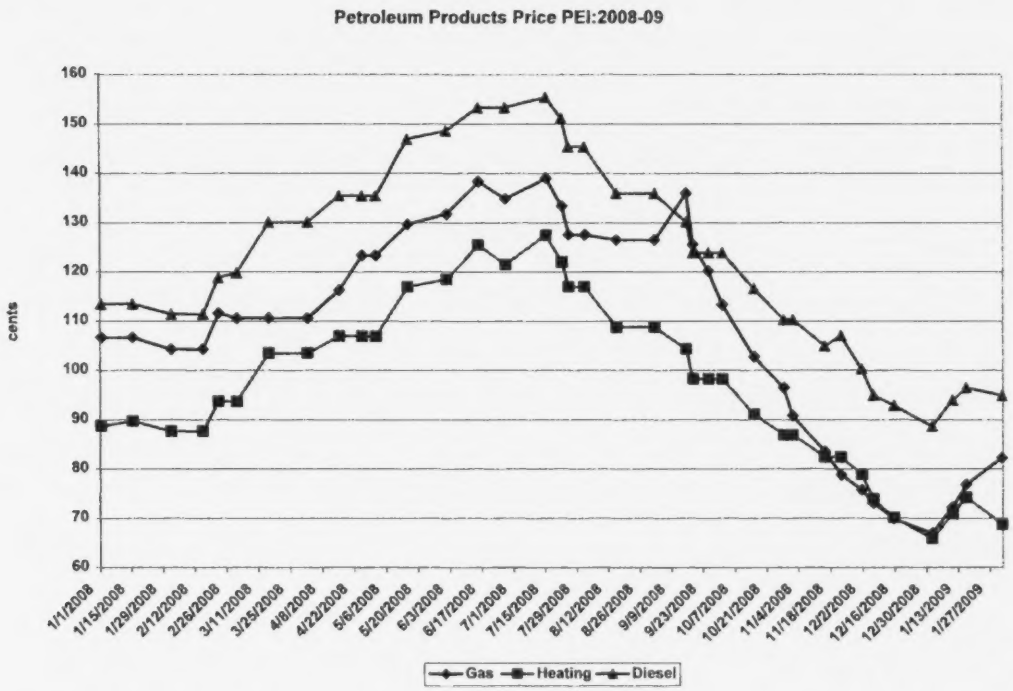


The value of new motor vehicle sales advanced 2.2 per cent on a year to date basis, while the number of units sold increased by 4.8 per cent. Indeed, PEI had stronger motor vehicle sales than most other parts of the country. However, PEI did witness some downward pressure on sales, with sales peaking at 707 units in May, and falling thereafter. Strong sales in automobiles have been attributed to several things, including increased immigration to the Island.

Consumer Prices

Rising energy prices during the first half of 2008 helped to push up the all-items consumer price index by 3.4 per cent relative to 2007. This compares to the Canadian inflation rate of 2.3 per cent. Energy prices increased 16.8 per cent, while shelter increased 8.0 per cent, and food increased 3.9 per cent. The dramatic decline in energy prices in the fourth quarter of 2008 helped to moderate the overall inflation rate for the year.

Energy prices fluctuated in 2008 rising to all-time highs during the summer, and then declining to four-year lows by December. Record highs for gasoline, home heating oil and diesel were reached on July 15, 2008, at 139.1 c/L, 127.5 c/L, and 155.4 c/L respectively. Prices began to decline sharply after July, with substantial decreases in September, due to the economic crisis. Below is a graph detailing the increases and decreases in the price of gasoline and heating oil through 2008.



Construction and Housing

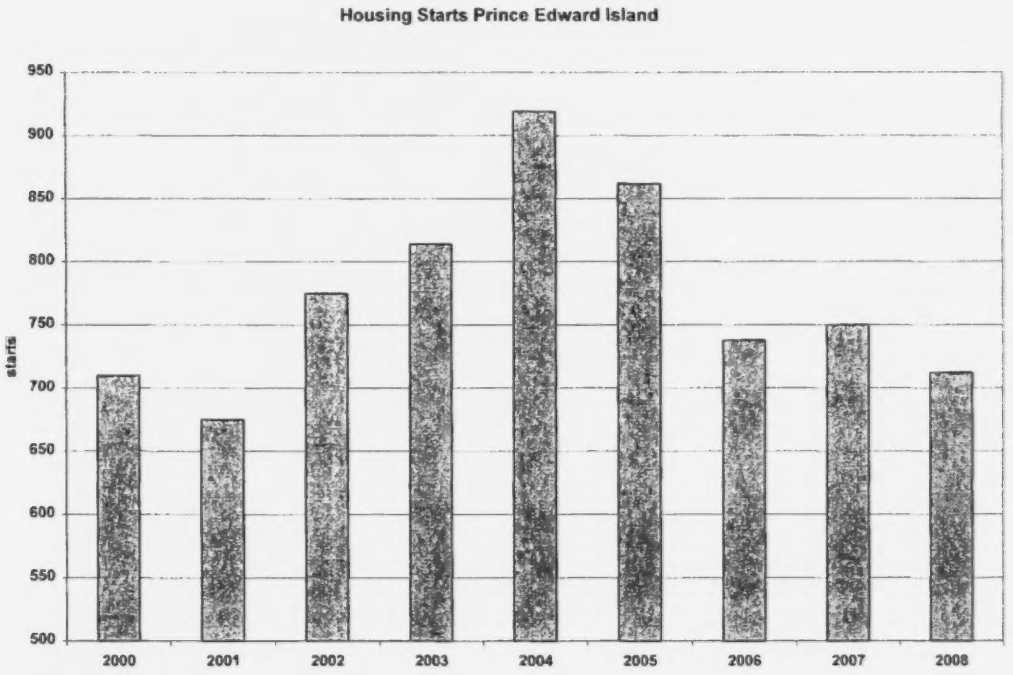
Public and Private Investment Intentions for 2008 showed and increase of 1.7 per cent for PEI. Non-residential building permits increased 98.3 per cent in 2008. The majority of this increase came from institutional permits, and was largely a result of the refurbishment done to the Queen Elizabeth Hospital, as well as the associated building for the 2009 Canada Summer Games. Commercial building permits also increased in 2008.

PEI saw a 5.3 per cent decline in housing starts in 2008. Housing starts are forecast to continue to decline in 2009, and 2010, before beginning to recover. However, this pattern has not played out equally throughout the province, with urban centers retaining or increasing their share of housing, while housing starts continue to decline in rural areas.

The expansion of wind power in the province continued in 2008. The second phase of the West Cape wind farm was completed, bringing the total amount of wind power produced in the province to approximately 150MW. Though the present economic climate may cause some delays, several new projects are on the horizon for 2009-10, including the proposed wind farm in Summerside, as well as a larger wind farm in Anglo-Tignish. Both of these projects are at different stages of regulatory approval.

Construction should continue to be supported in 2009 by the 2009-10 Provincial Capital Budget presented in the fall. Some of the major projects and initiatives stemming from this Budget include $253 million in highway infrastructure spending over the next five years, $166.8 million in funding

to refurbish hospitals and long term care facilities, and $41.8 million for infrastructure upgrades in the education system.



Primary Industries

Farm cash receipts increased 1.1 per cent in 2008, to reach an all-time high. Crop receipts showed a gain of 1.9 per cent, while livestock receipts declined by 6.1 per cent, with the hog industry again most affected. Dairy receipts also posted a decline in 2008 of 1.4 per cent. Potatoes showed a profitable year in 2008, with an increase in receipts of 1.5 per cent. Nationally, 2008 was a successful year for farming overall, with all ten provinces posting gains in cash receipts.

PEI Farm Cash Receipts

in '000s Year:	Total Crops	Potatoes	Total Livestock	Cattle	Hogs	Dairy	Direct Payments	Total Farm Receipts
2000	**$186,390**	$154,499	**$119,752**	$27,284	$29,526	$50,987	**$16,954**	**$323,096**
2001	**$151,381**	$123,874	**$126,317**	$27,695	$33,514	$52,484	**$58,542**	**$336,240**
2002	**$220,491**	$189,908	**$119,204**	$25,345	$27,690	$53,329	**$24,355**	**$364,050**
2003	**$219,098**	$185,266	**$113,382**	$18,186	$26,562	$55,023	**$22,750**	**$355,230**
2004	**$185,582**	$151,250	**$122,989**	$14,550	$33,955	$59,717	**$40,226**	**$348,797**
2005	**$195,812**	$165,325	**$125,272**	$21,592	$27,538	$61,612	**$45,874**	**$366,958**
2006	**$234,488**	$202,905	**$121,822**	$20,966	$23,882	$63,087	**$21,343**	**$377,653**
2007	**$216,585**	$180,647	**$126,022**	$21,918	$20,961	$68,177	**$22,253**	**$364,860**
2008	**$242,016**	$200,874	**$120,671**	$19,803	$15,848	$67,233	**$29,172**	**$391,859**

Source: Farm Cash Receipts

According to the Department of Fisheries, Aquaculture, and Rural Development, overall lobster landings on PEI in 2008 were up from previous years, but lobster prices are lower than they were in 2007. In 2008, PEI landed 21.9 million pounds of lobster, an increase of 8.8 per cent over the 2007 landing, and the largest landing in 17 years. However, the high Canadian dollar has reduced producer prices, and the value of the landings in 2008 is estimated at approximately $100 million. This compares to $107 million in 2007. Currently, the lobster industry is facing additional pressures due to unsold inventories.

Manufacturing shipments and exports

Manufacturing shipments for PEI in 2008 recorded a 3.9 per cent decline as compared with 2007. The largest losses occurred in chemicals, down 27.9 per cent from 2007 levels, while gains were recorded in print and publishing, fabricated metals, transportation and equipment, as well as in other manufacturing. Though the manufacturing situation on PEI has deteriorated, it has not witnessed the large declines seen in other provinces, due largely to the industry mix found on the Island.

International exports from PEI to all countries increased 10.6 per cent year over year. This can be attributed to strong performance in the province's food processing sectors, as well as strong performance in some of the newly emerging sectors in the province, such as aerospace. Exporters that experienced difficulty in 2008 included producers of fresh lobster, potato flakes and seed potatoes.

Tourism

Higher gas prices and a higher Canadian dollar, had a limited impact on the PEI tourism sector in 2008. During the main tourist season (May – August), air traffic was 11.3 per cent higher than in 2007. This has been partially offset by an 11.0 per cent and 8.0 per cent decrease in bridge and ferry traffic respectively. On a year to date basis, occupancy rates have increased 0.5 per cent as compared to the same period in 2007, though room nights sold have seen a modest decline of 0.4 per cent.

Overall, during the main part of the 2008 tourist season, more Islanders consumed local tourism opportunities, with fewer Canadian tourists from other provinces visiting the Island. The number of American tourists remained stable, while international tourism was up 14.9 per cent. Improved international connections to the Charlottetown airport and the 100th anniversary of Anne of Green Gables are contributing factors for the increase.

In 2009, PEI will play host to the Canada Summer Games. This event is expected to draw tourists from around the region and across Canada, due to the high level of competition that will be exhibited. The Canada Summer Games is expected to be one of the highlights of the of the main tourist season in 2009.

Population

On September 29, 2008, Statistics Canada published the preliminary provincial population data for July 1, 2008, as well as revisions to the 1971 to 2007 population estimates. As of July 1, 2008, the population of PEI is estimated to be 139,818 persons. This represents an increase of approximately 1,700 persons since July 1, 2007, or an increase of 1.23 per cent.

According to Statistics Canada, a strong increase in net international immigration resulted in 1,216 people coming to the Island, up from 57 in 2002. This trend in international migration is expected to persist through 2009 and 2010.

PEI gained 42 people from net inter-provincial migration in 2008, reversing the trend of net out-migration in recent years. The sources of PEI's in-migrants were Ontario, Nova Scotia, Alberta, New Brunswick and Quebec, while the main destinations for out-migrants was Alberta, followed by Ontario, Nova Scotia, New Brunswick and British Columbia.

PEI gained 214 people in natural increase (births minus deaths) between July 1, 2007 and June 30, 2008. The province had 1,402 births and 1,206 deaths during this period.

Outlook 2009

There is considerable uncertainty about the global economic situation in 2009. However, it is likely that the economic situation encountered on the Island will not be as adversely affected as other parts of the country. This is largely a result of the more stable mix of industry found on the Island.

GDP growth on the Island is expected to remain positive through this period, and most forecasts predict slow growth of approximately 0.5 per cent. Slow employment growth in 2009, will result in an increase in the unemployment rate. Immigration is poised to have another strong year in 2009. This influx of people should help to support retail sales, as well as provide stability to the rental and housing market.

The 2009 Provincial Capital Construction Plan from fall 2008, and the Federal plan to accelerate capital spending on 'shovel-ready' projects, should provide employment support, as well as much-needed infrastructure upgrades to the Island during 2009. Public and private investment in wind energy should also continue to support construction through 2009-10. Tenders for new wind farm developments have been requested, while several announced projects plan to go forward subject to environmental approval, such as the wind farm in the Summerside area. Housing starts will continue to be lower than in the past, as the stock of existing housing is absorbed into the market. CMHC predicts the number of starts to rebound in 2011.

SUMMARY STATISTICS
PRINCE EDWARD ISLAND ECONOMY

	2001	2002	2003	2004	2005	2006	2007	2008
Population on 1 July (thousands) *	136.7	136.9	137.2	137.7	138.1	137.9	138.1	139.8
Personal Income per capita ($) *	22,733	23,822	24,213	25,272	26,131	27,190	28,241	n.a.
As % of Canadian Personal Income	*80.5*	*83.1*	*82.3*	*82.3*	*81.8*	*81.1*	*80.2*	*n.a.*
Employment (thousands) *	63.6	64.7	66.1	66.9	68.2	68.6	69.3	70.2
Unemployment rate - P.E.I. (%) *	11.9	12.0	11.0	11.3	10.8	11.0	10.3	10.8
*Unemployment Rate - Canada (%) **	*7.2*	*7.7*	*7.6*	*7.2*	*6.8*	*6.3*	*6.0*	*6.1*
CPI - annual change P.E.I. (%)	2.6	2.7	3.5	2.2	3.1	2.3	1.8	3.4
CPI - annual change Canada (%)	*2.5*	*2.2*	*2.8*	*1.8*	*2.2*	*2.0*	*2.2*	*2.3*
Retail Trade ($ millions) *	1,324.6	1,369.0	1,382.6	1,384.7	1,423.9	1,512.2	1,628.9	1,707.9
New Motor Vehicle Sales (units)*	4,635	4,996	4,731	4,696	4,847	4,933	5,303	5,505
Farm Cash Receipts ($ millions) *	336.2	364.1	355.2	348.8	367.0	380.4	387.5	391.9
Potato Receipts ($ millions) *	123.9	189.9	185.3	151.3	165.3	202.9	198.0	200.9
Lobster Landings ($ millions) *	103.9	105.4	108.3	100.1	103.2	113.4	108.6	100.0[e]
Lobster Landings (lbs - millions)	*19.3*	*19.9*	*20.0*	*19.9*	*18.5*	*21.5*	*20.1*	*21.9*
Housing Starts (units)	675	775	814	919	862	738	750	712
Investment ($ millions)	616.4	639.1	677.0	723.6	758.8	827.3	949.8	957.5
Manufact. Shipments ($ millions)*	1,222.0	1,300.3	1,287.4	1,246.4	1,276.8	1,412.7	1,428.6	1,372.5
International Export of Goods ($ millions)*	666.4	683.0	637.6	644.4	772.8	786.6	767.1	848.7
GDP at basic prices ($ millions) *	3,133	3,339	3,421	3,606	3,744	3,898	4,129	4,232[f]

n.a.: data not available

Notes:
* : revised data
[e]: estimate
[f]: forecast, Conference Board of Canada

Sources: Statistics Canada; Conference Board of Canada;; and P.E.I. Department of Fisheries, Aquaculture and Rural Development